



State of Connecticut

HOUSE REPUBLICAN OFFICE

STATE CAPITOL

HARTFORD, CONN. 06106

Chairs Crisco and Megna, Ranking Members Kelly and Sampson, and members of the Insurance and Real Estate Committee, the House Republican Caucus would like to thank the Committee for raising HB 5485, *AAC the Connecticut Health Insurance Exchange*.

Despite the misgivings many in our caucus have with the Affordable Care Act ("ACA"), we have, and want to continue, working with the Governor and Democratic Leadership to ensure our state is implementing the provisions of the law that would otherwise be taken over by the federal government. This is especially true when it comes to the creation and operation of the Health Insurance Exchange.

The legislation before you takes four important steps in implementing the Health Insurance Exchange as required by the ACA: 1) requires one exchange be established to operate and govern the state's exchange; 2) maintains the existence of two separate markets for individual and small group products; 3) requires the General Assembly to choose a benchmark plan that will be used as the state's essential benefits plan; and 4) ensures that low-income individuals will be able to choose their health insurance plan on the exchange.

The first two proposals enumerated above, are taken directly from the planning report that Mercer Consulting completed at the request of the Connecticut Health Insurance Exchange Board of Directors. Federal law allows states to operate separate individual and small business exchanges, one exchange with combined markets, or one exchange with separated markets. We believe that operating one exchange will save the state operational and logistical costs and eliminate the duplicity of personnel that two exchanges would create. Our proposal to keep the individual and small group markets separate stems from the Mercer analysis that indicates merging the markets would lead to higher premiums for small businesses. Incidentally, both proposals were also contained in the *Exchange Plan – Draft* put forward by the Connecticut Health Insurance Exchange Board of Directors on Feb. 1, 2012.

The third component of our proposal requires this Committee to select, and the entire General Assembly approve, the state's essential health benefits benchmark plan. Although the "ACA" broadly defined what must be included in the health insurance plans sold on the exchange, it left the specifics regarding coverage to the federal department of Health & Human Services. In December 2011, HHS issued a ruling allowing each state to choose a benchmark plan from within their individual state to determine the essential health benefits. House Republicans believe that this decision and its wide-ranging

implications are critically important and this Committee and the entire General Assembly should weigh in and be the final decision-maker on the plan implemented.

The final component of our proposal would require the exchange to offer coverage to any individuals between 133% - 200% Federal Poverty Level (FPL). The ACA has made the health insurance exchanges and individual choice its cornerstone and thus creating a basic health plan would be contrary to this federal law. Our proposal in HB 5485 would allow individuals the ability to choose the insurance plan they want, while the federal government provides them tax credits to subsidize the costs. We believe creating a basic health plan that would have the state intercept these individuals' tax credits and put them in a Medicaid-like government run plan would be a mistake and further exacerbate the well-known public/private provider payment gap.

House Republicans have put forth these next steps in the creation of the federally mandated Health Insurance Exchange to ensure the exchange can be shaped to best meet the needs of our state's residents. We urge the committee to favorably report HB 5485, so we can continue this important work. Thank you.